

304.24-420 Bulk reinsurance.

- (1) A domestic insurer may reinsure all or substantially all of its business in force, or all or substantially all of a major class thereof, with another insurer, stock or mutual, by an agreement of bulk reinsurance after compliance with this section. No such agreement shall become effective unless filed with the executive director and approved by him in writing.
- (2) The executive director shall approve such agreements within a reasonable time after filing if he finds:
 - (a) That the plan and agreement are fair and equitable to each insurer and to the policyholders involved;
 - (b) That the reinsurance, if effectuated, would not substantially reduce the protection or service to the policyholders of any domestic insurer involved;
 - (c) That the agreement embodies adequate provisions by which the reinsuring insurer becomes liable to the original insureds for any loss or damage occurring under the policies reinsured in accordance with the original terms of such policies, and that the reinsuring insurer shall duly furnish each such insured with a certificate evidencing such assumption of liability;
 - (d) That the assuming reinsurer is authorized to transact such insurance in this state, or is qualified as for such authorization and will appoint the executive director and his successors as its irrevocable attorney for service of process, so long as any policy so reinsured or claim thereunder remains in force or outstanding;
 - (e) That such reinsurance would not materially tend to lessen competition in the insurance business in this state or elsewhere as to the kinds of insurance involved, and would not materially tend to create a monopoly as to such business; and
 - (f) That the proposed bulk reinsurance is free of other reasonable objections.
- (3) If the executive director does not so approve he shall forthwith notify each insurer involved in writing, specifying his reasons therefor.
- (4) If for reinsurance of all or substantially all of the business in force of a mutual insurer at a time when the insurer's surplus is not impaired, the plan and agreement for such reinsurance must be approved by vote of not less than two-thirds (2/3) of the mutual insurer's members voting thereon at a meeting of members called for the purpose, pursuant to such reasonable notice and procedure as is provided for in the agreement. If a life insurer, right to vote may be limited to members whose policies are other than term or group policies, and have been in effect for more than one (1) year.
- (5) No director, officer, agent or employee of any insurer party to such reinsurance, nor any other person shall receive any compensation for arranging such bulk reinsurance other than as provided in the agreement submitted to and approved by the executive director.

Effective: June 18, 1970

History: Created 1970 Ky. Acts ch. 301, subtit. 24, sec. 42, effective June 18, 1970.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.